UNIVERSITY of VIRGINIA
OFFICE OF THE PRESIDENT

October 18, 2012

Mr. Patrick D. Hogan
[redacted]

Dear Pat:

I am pleased to invite you to join the University of Virginia as Executive Vice President and Chief Operating Officer (EVP/COO), effective October 25, 2012, for a term of five years, commencing October 25, 2012 through October 24, 2017. Our Executive Search Team, the search committee, and the members of the University community who have worked with you all testify to your excellent experience, the results you have achieved in your previous positions, and the considerable contributions you have already made to the University through your service on the Medical Center Operating Board. I believe that you bring uncommon integrity, demonstrated team leadership, and knowledge and skills that are a perfect match for this position. It is a great pleasure to welcome you to the team and to undertake with you the important work of enhancing the University's role as educator of the next generation and health care provider to all generations.

Your term as Executive Vice President and Chief Operating Officer is renewable upon our mutual written agreement, subject to customary review procedures, and approval of the University's Board of Visitors. Upon your acceptance of this offer, I will nominate you for election by the Board of Visitors at its next regularly scheduled meeting. This is a University Staff-Executive position.

Your annual salary will be $450,000, subject to required deductions, to be paid in 26 bi-weekly installments, the first of which you will receive on November 9, 2012. Your annual salary is subject to taxes and to all other deductions required by law. Salary increases are normally awarded based on an evaluation each fall of your preceding year's performance and on availability of funds. Because you are new to the University on October 25, you will become eligible for consideration for a merit increase during the salary cycle that begins on or around July 2014. In addition, your executive deferred compensation will be set at $135,000 annually which is vested immediately. You will receive a one-time payment of $75,000 as a signing bonus, subject to required deductions, made payable to you within 30 days following my receipt of this appointment letter signed by you. Your travel expenses, entertainment expenses that you incur in the course of your duties, and professional dues will be reimbursed in accordance with University policy.

As Executive Vice President and Chief Operating Officer, you will report to me and be responsible as set forth herein and such other duties as may be assigned by me or the Board of Visitors. You will work in close concert with me, the Provost,

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and the other vice presidents. You also will participate in the President's Cabinet.

The Executive Vice President and Chief Operating Officer under the authority and direction of the President and Board of Visitors, is responsible for setting financial policy and for overseeing the financial affairs of the University. The financial umbrella of the University includes the colleges, schools, and the Medical Center, as well as several key operational and administrative areas such as human resources, facilities and real estate, and public safety. The EVP/COO also serves as an important liaison with UVIMCO and with the foundations that support the University. The EVP/COO is elected by the Board of Visitors on the nomination of the President and serves as an officer of the Board of Visitors.

As Executive Vice President and Chief Operating Officer, you will have the following major responsibilities.

- Ensure that U.Va.'s financial, capital, and operational resources are deployed with integrity and are aligned with the University's goals.
- Serve as a financial and business partner and advisor to the President, Provost, Board of Visitors, Vice Presidents, and Deans.
- Lead all phases of U.Va.'s financial and capital planning and budgeting processes, including the implementation of a responsibility-based budgeting paradigm.
- Collaborate with the Provost to develop and adopt a new funding model for the University that recognizes likely changes in state funding levels, research support, philanthropic giving, and investment returns.
- Drive the development of financial and operational policies and procedures that integrate space, fiscal, and human resource considerations to advance the University's instructional, research, and public service missions including clinical care.
- Create a customer service culture within the financial and operational functions of the University, ensuring the internal "customers" and external stakeholders view centralized services as responsive and value-added and with a focus on improving the undergraduate experience.
- Provide leadership and support to the Vice President and CEO of the Medical Center and the Vice President and Dean of the School of Medicine to lead the improvement of clinical services in achieving measurable improvement in 15 of the AHQ safety indicators and in developing a coherent strategy for partnering with other hospitals and health care providers.

- Collaborate with the Executive Vice President and Provost and me to establish a set of longer-term strategic priorities for 2012-15 including the response to the state's priorities from the Top Jobs legislation.
- Maintain familiarity and compliance with all University policies and laws applicable to the foregoing.

As Executive Vice President and Chief Operating Officer, I ask that you join the senior leadership team and me in implementing your major responsibilities within the spirit of the following collaborative guidelines.

- *Transition Leadership:* There is a natural anxiety that exists when there has been a long history of a leadership style and influence embedded in the operating culture of the organization and its relationships with the local, regional, and state communities. This transition may include an assessment and realignment of key processes, structures, and cultural norms, as well as an evaluation and redeployment of the human and financial assets.
- *Financial Leadership:* In a climate where fiscal constraints will continue to exist, a sustainable business model that will enable the University to continue to innovate and compete successfully for the best academic talent at all levels is needed. You will need to develop sophisticated financial and performance management tools to enable better decision making and planning. Leadership that brings innovative and creative solutions for major business issues that impact the University's performance, including state funding, investments in academic programming, deferred maintenance, financial aid, benefits, etc. is needed. It will be important to develop collaborative, transparent processes for prioritizing activities and allocating scarce resources.
- *Operational Leadership:* You will support under the direction and oversight of the president, all operations within the organization and its two primary locations in Charlottesville and Wise, Virginia. It is important that you provide a focus on efficiency, effectiveness, and continuous improvement of operational processes. The Board of Visitors has declared environmental sustainability to be a key priority that is fully considered and incorporated in the institution's operating and capital decision-making. It is essential that you engage with key constituent groups, e.g. the city and the county, to collaborate and coordinate.
- *Relationship Building:* As one of the executive leaders within the University, it is important you develop strong relationships internally and externally with colleagues, stakeholders, and staff. I ask that you be accessible and responsive,

serve others by effectively addressing problems, and invest the time to be a presence on Grounds. I will look for you to demonstrate an ability to interact effectively with people at all levels in the organization – be both empathetic and motivating. This will require that you actively engage in mentorship and the development of financial and operational talent and achieve trusted advisor status with academic leaders, the Board, and critical state agencies.

Each year, you will be asked to submit a written report of your accomplishments during the previous year and your goals for the coming year. This report will be the basis for your annual review meeting with me.

In addition to your personal annual report, you will provide me with mid-year and annual reports for your direct reporting areas.

This appointment is subject at all times to applicable University policies, including the University's conflict of interest policies and its Code of Ethics. As a leading officer of the University and a member of my senior leadership team, you are expected to become familiar with and comply with all relevant University policies. The terms and conditions of your employment are governed by Policy HRM-021, Terms and Conditions of University Staff Employment, which may be found at the following web address: https://policy.itc.virginia.edu/policy/policydisplay?id=HRM-021. Links to other significant policies and procedures, including human resources policies on benefits, may be found through the University Policy Directory at http://www.virginia.edu/uvapolicies. The University's Code of Ethics may be found at http://www.virginia.edu/statementofpurpose/uethics.html. You should further be aware that these policies may be changed from time to time by the Board of Visitors or administration.

Because you will be acting in a supervisory position and will be involved in our hiring process, you will be held accountable for Equal Opportunity/Affirmative Action policies and compliance in your areas of responsibility. These policies may be found on the Equal Opportunity Office homepage at http://www.virginia.edu/eop.

The University has an Honor System of which its students and alumni are proud. The student body administers the system through its annually elected Honor Committee. In accepting this offer, you are indicating a willingness to support and cooperate with the student body in maintaining the Honor System.

The federal Immigration and Control Act of 1986 prohibits the hiring of unauthorized aliens, and requires documentation of employee eligibility through Form I-9 before the first day of employment. Please contact JoAnne Birckhead at jbg@virginia.edu regarding the completion of this form. If you are not a U.S. citizen, you must also maintain current legal permission to be present in the United States.

Should you resign your position, you agree to provide me with at least 60 days advance written notice of your stepping down as Executive Vice President and Chief Operating Officer. Renewal of this position in 2017 is subject to mutual agreement, following customary review procedures. You will receive at least 60 days advance written notice if your appointment is not renewed.

If during your five-year term of employment you are terminated without just cause, you will be entitled to the equivalent of one year of your current salary in addition to one year of executive deferred compensation, notwithstanding anything as may be to the contrary. This monetary compensation will be paid in a lump sum within 30 days of the termination of your employment. In addition, the University will pay you the equivalent of 12 months of COBRA coverage for you and your spouse.

I am confident that you will enhance significantly the goals and vision of the University of Virginia in your role as an executive in my leadership team. We will develop a set of shared goals with the Executive Vice President and Provost in the early months of 2012-13. I look forward to your acceptance of this offer, to be confirmed by the return of the enclosed copy of this letter with your signature.

Very truly yours,

Teresa A. Sullivan

Teresa A. Sullivan
President

I warrant that the credentials reflected in my curriculum vitae submitted with my application are correct, and I accept the terms of the offer outlined in the letter above for the position of Executive Vice President and Chief Operating Officer at the University of Virginia.

Patrick D. Hogan 10/18/12

Date